

Notice of Proposed Changes to Water Rates

Dear Customer:

This notice explains the proposed water rates for customers receiving City of Fresno water services. The proposed water rates will be recommended to the Fresno City Council at the date, time, and location specified below in the Notice of Public Hearing. This notice also provides information on the reason for the proposed water rates.

This notice has been sent to all property owners who currently receive water services from the City of Fresno. If adopted, the proposed water rates will become effective September 17, 2013. The proposed water rates affect all property owners who currently receive water from the City of Fresno, including single-family residential, multi-family residential, commercial, and industrial customers.

Notice of Public Hearing

Date: August 15, 2013

Time: 5:00 p.m.

Place: City of Fresno Council Chamber,
2600 Fresno Street, Fresno, CA 93721

The hearing will address proposed rate increases for water services.

This notice has been sent to all property owners who currently receive water from the City of Fresno.

If adopted, the proposed 4-year rate increases would become effective September 17, 2013.

This notice also describes how to file a protest against the proposed rate changes.

Call (559) 621-8635 for more information.

Background

The chart on the next page provides a summary of the new rates to be considered by Fresno City Council at the public hearing noted above. The City's previous multi-year rate plan was implemented following the formation of the Utility Advisory Commission (UAC), a volunteer group of citizens appointed by the Mayor and Council in 2006. The task included ongoing fiscal review of the Department of Public Utilities (DPU) to provide financial

stability of the City's utility services. The Commission's multi-year rate plan was established in 2007 and expired in 2011. The current

session of the UAC was established in October 2009 in order to determine a new multi-year plan.

This notice introduces recommendations with respect to the City's need for adjustments to water rates. The City of Fresno is focused on providing a fiscally sound plan that follows City Council guidelines and considers all critical issues facing both the department's obligation to deliver essential services as well as the challenges of the current economic conditions. The rates presented here follow months of diligent study of materials provided by City staff and independent consultants.



DEPARTMENT OF
PUBLIC UTILITIES
Providing Life's Essential Services

At Last,

A Plan To Reverse Our Declining Water Table

How many times have you seen this chart? Historic water levels at an all time low; overdraft at an all time high; the water table, or depth to where groundwater can be found, down more than 100 feet with no bottom in site.

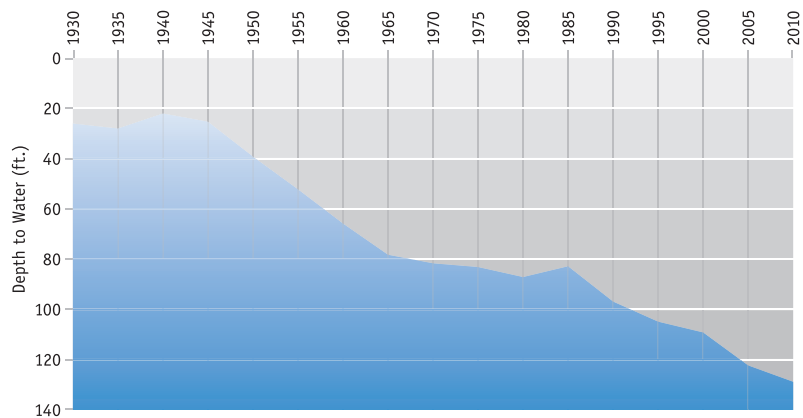
Since groundwater has long been the primary source of water for Fresno, this drop has been expensive. Pumping water from deeper levels takes more fuel, which costs more money. Because groundwater is a finite source, extensive pumping increases the risk of collapsing wells, and worse yet, of reaching the end of the supply, leaving Fresno bone dry.

Well, now Fresno has a plan to reverse this trend, and fix this problem...for good.

Increasing Surface Water Supply: The Ticket to a Sustainable Future

The City of Fresno is about to undertake a number of capital improvement projects which will balance our water usage between groundwater and surface water. This multi-pronged approach consists of building a Surface Water Treatment Facility (SWTF) in southeast Fresno, increasing the number of groundwater recharge basins, improving well efficiency, replacing aging pipes (some exceeding 80 years of age), and moving the Department of Public Utilities toward qualification for more favorable interest rates and government grant programs. These capital projects, especially the construction of the SE-SWTF, will decrease the reliance on underground wells and mitigate the threat from proposed federal regulations for TCP and Cr-6 contaminants that could impact dozens of City water production wells, especially in southeast Fresno.

City of Fresno Historical Water Levels



Fresno's infrastructure projects will help reverse the trend of our declining water table.

This plan is essential to the future viability of Fresno's water supply.

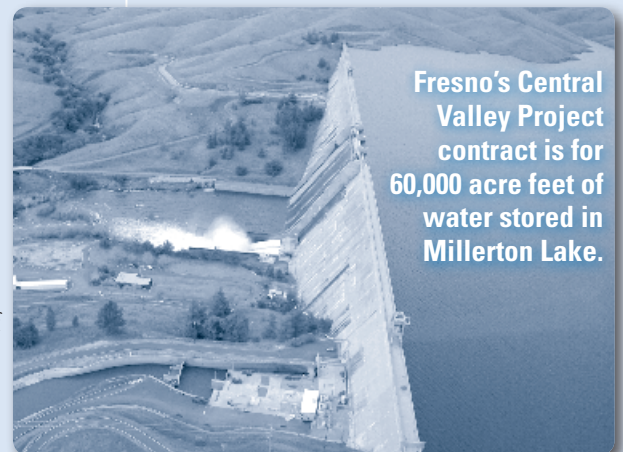
The Metro Plan

The proposed rate increase and capital projects came about as a way to satisfy The Metropolitan Water Resources Management Plan. The "Metro Plan" provides the framework and infrastructure for a balanced-use Water Capital Improvement Program (CIP), which will convert Fresno from 100% groundwater (as of 2004) to 100% surface water in normal to wet years by 2025. Current and future SWTFs are expected to add up to a 366% increase in surface water capacity over the next 10 years. The Metro Plan, once capital projects are implemented, will allow Fresno to better manage all of the water in its portfolio, providing sustainable water for the next 50 years of growth.

About the Fresno Water Division

The Water Division purchases, treats, and delivers an average

of 125 million gallons of water every day to single-family residents, multi-family residents, commercial, and industrial customers. This safe, high-quality water meets all state and federal drinking



water standards. The Water Division operates and maintains a surface water treatment facility, pipelines, pump stations, fire hydrants, storage reservoirs, wells, and water meters. The proposed rates will provide funding to cover a number of capital projects, as well as increased operations and maintenance costs; such as chemicals, power, fuel and labor.

Proposed Changes to Water Rates

Current and Recommended Residential Flat Charges and Meter and Quantity Charges

Item	Current	Sept. 17, 2013	July 1, 2014	July 1, 2015	July 1, 2016
Residential Flat Charges					
Single Family, \$/month					
First 6000 sq ft lot size	\$22.87	\$28.32	new services discontinued		
Each additional 100 sq ft lot size	\$0.228	\$0.286			
Senior Citizen, \$/month					
First 6000 sq ft lot size	\$20.56	\$25.49			
Each additional 100 sq ft lot size	\$0.204	\$0.257			
Meter Charges, \$/month					
Residential					
3/4-inch or smaller	\$10.03	\$10.50	\$13.00	\$14.00	\$15.00
1-inch	\$13.51	\$13.30	\$16.40	\$17.70	\$19.00
1-1/2-inch	\$18.89	\$20.10	\$24.90	\$26.80	\$28.80
2-inch	\$27.09	\$28.20	\$35.10	\$37.70	\$40.50
3-inch	\$45.07	\$50.10	\$62.20	\$66.90	\$71.90
4-inch	\$63.03	\$74.60	\$92.80	\$99.70	\$107.00
6-inch	\$99.01	\$143.00	\$178.00	\$191.00	\$205.00
8-inch	\$152.96	\$225.00	\$279.00	\$300.00	\$323.00
10-inch	\$179.83	\$320.00	\$398.00	\$428.00	\$460.00
12-inch	\$0.00	\$593.00	\$737.00	\$792.00	\$852.00
Non-residential					
3/4-inch or smaller	\$10.03	\$11.00	\$13.70	\$14.70	\$15.80
1-inch	\$13.51	\$14.10	\$17.50	\$18.80	\$20.30
1-1/2-inch	\$18.89	\$21.80	\$27.10	\$29.20	\$31.30
2-inch	\$27.09	\$31.10	\$38.60	\$41.50	\$44.60
3-inch	\$45.07	\$55.80	\$69.30	\$74.50	\$80.10
4-inch	\$63.03	\$83.50	\$104.00	\$112.00	\$120.00
6-inch	\$99.01	\$161.00	\$200.00	\$215.00	\$231.00
8-inch	\$152.96	\$253.00	\$315.00	\$338.00	\$364.00
10-inch	\$179.83	\$361.00	\$449.00	\$483.00	\$519.00
12-inch	\$0.00	\$670.00	\$833.00	\$895.00	\$962.00
Irrigation					
3/4-inch or smaller	\$10.03	\$9.70	\$12.00	\$12.90	\$13.90
1-inch	\$13.51	\$11.90	\$14.80	\$15.90	\$17.00
1-1/2-inch	\$18.89	\$17.40	\$21.60	\$23.20	\$24.90
2-inch	\$27.09	\$24.00	\$29.80	\$32.00	\$34.30
3-inch	\$45.07	\$41.50	\$51.60	\$55.40	\$59.50
4-inch	\$63.03	\$61.30	\$76.10	\$81.70	\$87.80
6-inch	\$99.01	\$116.00	\$144.00	\$155.00	\$167.00
8-inch	\$152.96	\$182.00	\$226.00	\$243.00	\$261.00
10-inch	\$179.83	\$259.00	\$322.00	\$345.00	\$371.00
12-inch	\$0.00	\$478.00	\$594.00	\$638.00	\$686.00
Private Fire Service					
Private Hydrant	\$23.94	\$37.60	\$46.80	\$50.30	\$54.20
1-inch	\$23.94	\$37.60	\$46.80	\$50.30	\$54.20
1-1/2-inch	\$23.94	\$37.60	\$46.80	\$50.30	\$54.20
2-inch	\$23.94	\$37.60	\$46.80	\$50.30	\$54.20
2-1/2 and 3-inch	\$23.94	\$37.60	\$46.80	\$50.30	\$54.20
4-inch	\$23.94	\$37.60	\$46.80	\$50.30	\$54.20
6-inch	\$35.94	\$68.70	\$85.60	\$92.10	\$99.20
8-inch	\$47.92	\$106.00	\$132.00	\$142.00	\$153.00
10-inch	\$59.90	\$150.00	\$187.00	\$201.00	\$216.00
12-inch	\$71.88	\$274.00	\$342.00	\$368.00	\$396.00
Quantity Charges, \$/HCF					
All Classes	\$0.745	\$1.11	\$1.39	\$1.50	\$1.63
Residential	\$0.610				
Fluoridated Water Program Fees, \$/month					
	\$4.52	\$4.54	\$4.62	\$4.71	\$4.79

A Nationally Accredited **PUBLIC UTILITY AGENCY**



The efficiency and effectiveness of the department were officially recognized in May of 2012, when DPU earned accreditation from the American Public Works Association (APWA) by demonstrating exemplary management practices. In all, 330 APWA nationally-established best management practices were examined and DPU was found to have met or exceeded all of them, earning national accreditation through 2016, when the department will undergo the process of re-accreditation.

How do I protest the proposed rate increases?

The Fresno City Council will consider these proposed rate increases for water services at a public hearing on August 15, 2013 at 5:00 PM. The hearing will be held at the City of Fresno, Council Chamber located at 2600 Fresno Street, Fresno, CA 93721.

Under Proposition 218, if you are the owner of record for a parcel or parcels subject to the proposed rate changes, you may submit a written protest against the proposed water rate increase to the City Clerk at or before the time set for the public hearings. If written protests are filed by a majority of the affected property owners, the applicable proposed rate increases will not be imposed.

A written protest must contain a description of the parcel or parcels in which the party signing the protest has an interest sufficient to identify the parcel(s) including the Assessor's Parcel Number (APN). If the party signing the protest is not shown on the last equalized assessment roll of Fresno County as the owner of the parcel(s), the protest must contain, or be accompanied by, written evidence that such party is the owner of the parcel(s).

In rental situations where the tenant pays the water fees, it is the responsibility of the property owner to supply the tenant with this proposed rate notice. Tenants who pay the water fees are entitled to submit a written protest and appear at the public hearing. Only one protest per parcel will be counted.

Written protests may be mailed to: City of Fresno, City Clerk, 2600 Fresno Street, Fresno, CA 93721 or personally delivered to the City Clerk at the same address. To be valid, a protest must be in writing, contain a description of the property, include the signature of the property owner or tenant, and received by the City Clerk at or before the time of the public hearing. Protests by e-mails or faxes will not be accepted.

The City of Fresno, City Clerk, 2600 Fresno Street, Fresno, CA 93721 has on file for review the Water Financial Plan and Rates Study.

Major Capital Projects Through 2017:

- **SE Fresno Surface Water Treatment Facility – \$226.6M**
- **Water Main Renewal – \$55.3M**
- **SE Fresno Surface Water Treatment Facility Transmission Pipelines – \$49.6M**
- **Water Well Construction – \$32.8M**
- **T4 Downtown Tank & Booster Pump Station – \$9.7M**
- **City Recharge Basins – \$7.1M**
- **Water Main Extensions – \$6.4M**
- **Downtown Water System Upgrades – \$4.1M**
- **19 other water capital projects – \$17.9M**

Exceptions in service are as follows:

Residences Not Currently on City Water

Residences not connected to the City of Fresno water system should consult with their water purveyor for any potential impacts of the newly proposed water rates.

Cutting Costs and Saving \$:

In order to become more efficient and keep costs from escalating more than they absolutely have to (due to inflation, fuel price increases, etc.), the Water Division has taken steps to become more efficient:

Water Division

- Received approximately \$3.8 million in grants and a \$51.4 million no-interest state loan – saving customers approximately \$34.6 million in interest expense over the next 20 years
- Currently designing a large diameter pipeline to convey surface water from the Friant-Kern Canal to the City's Surface Water Treatment Facility in NE Fresno – saving money on both electricity and chemicals for water treatment
- Currently evaluating over 260 water well pumps – replacing or repairing inefficient pumps to realize energy savings
- Optimizing chemical usage throughout the Surface Water Treatment Facility – saving approximately \$100 per day for one chemical alone (ozone) and a possible total annual savings of \$100,000
- Across-the-board labor negotiations

Saving Water

Now Means Saving Money!

Making small changes in our daily habits will help save you water. Things like finding and fixing leaks, repairing worn out toilet flappers, or adjusting your sprinkler timers to avoid runoff can help.

The City is here to help you save water in lots of ways...

Help Setting Your Sprinkler Timer

Let us take the guesswork out of your sprinkler timer. As a courtesy to our customers, we will come out and show you how to adjust your automatic water timer for free. By having your automatic water timer set correctly, both energy and water is saved.



Free Leak Detection and Landscape Irrigation Efficiency Surveys

One of the best ways to stop water waste is to schedule a leak detection audit of your home. We'll help you find leaks, and evaluate the efficiency of your outdoor landscaping so you can stop paying for wasted water!



Cash In On Rebates

The City of Fresno offers rebates for replacing inefficient appliances with new high efficiency toilets or clothes washers. Call 621-5480, email waterconservation@fresno.gov, or go to www.fresno.gov/water for more information.

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Department of Public Utilities

2600 Fresno Street

Fresno, CA 93721